

## STATE OF SOUTH CAROLINA

South Carolina Electric & Gas Company – Request for  
Approval of Contract for Electric Service with The  
Boeing Company

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

## COVER SHEET

## DOCKET

NUMBER: 2011 - 203 - E

(Please type or print)

Submitted by: Matthew W. Gissendanner  
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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

## DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input checked="" type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



Matthew W. Gissendanner  
Assistant General Counsel

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September 23, 2014

**VIA HAND DELIVERY**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: South Carolina Electric & Gas Company  
Request for Approval of Contract for Electric Service with The Boeing Company  
Docket No. 2011-203-E

Dear Ms. Boyd:

Pursuant to 10 S.C. Code Ann. Regs. 103-303 (2012), South Carolina Electric & Gas Company ("SCE&G" or "Company") hereby files and seeks approval of the following:

- (1) A Contract for Electric Service between SCE&G and The Boeing Company ("Boeing") for the provision of electric service to the Summerville 737 Max Propulsion Plant located on Palmetto Commerce Parkway in Ladson, South Carolina ("Contract I"), with such approval to be made effective as of August 18, 2014, the effective date of Contract I.
- (2) A Contract for Electric Service between SCE&G and Boeing for the provision of electric service to the Boeing Research and Technology Facility located in the Summerville Crosspoint Park in Ladson, South Carolina ("Contract II"), with such approval to be made effective as of August 18, 2014, the effective date of Contract II.
- (3) A First Amendment to Contract for Electric Service between SCE&G and Boeing for the provision of electric service to the plant located at 5400 International Boulevard in North Charleston, South Carolina ("First Amendment I"), with approval of the amendment to be made effective as of July 1, 2014, the effective date of First Amendment I.
- (4) A First Amendment to Contract for Electric Service between SCE&G and Boeing for the provision of electric service to a plant located at 9775 Patriot Boulevard in Ladson, South Carolina ("First Amendment II"), with approval of the amendment to be made effective as of October 1, 2014, the effective date of First Amendment II.

(Continued . . . )

### **Contract I**

Contract I is related to Boeing's decision to locate its 737 Max Propulsion Plant ("Propulsion South Carolina"), its first major investment in South Carolina not associated with the 787, in a new 225,000-square foot building in the Summerville Palmetto Commerce Park. Propulsion South Carolina will design and assemble engine inlet parts for the 737 MAX—the updated version of Boeing's top-selling, single-aisle jet—and possibly future airplanes. The first parts are expected to be produced in May 2015, and the plant will eventually ramp up for components to be produced for 47 planes per month. Initially, the plant will include high bays, low bays, offices, support space and parking for 300 vehicles. The 48-acre site can accommodate future expansion up to 600,000 square feet.

Under Contract I, SCE&G will provide electric service to Boeing at Propulsion South Carolina pursuant to the Company's retail electric rate schedule entitled "Rate 23 – Industrial Power Service" as currently approved by the Public Service Commission of South Carolina ("Commission"). At the outset, Boeing will be billed at a rate which consists of a basic facilities charge, an energy charge, and a demand charge—all determined in accordance with Rate 23—and an economic development credit. Thereafter, Boeing will be billed for electricity under Rate 23.

In addition to Rate 23 itself, there is a rider to the Contract, namely, "Rider 1 – Green Power." Under Rider 1, Boeing will pay SCE&G for "green power" that SCE&G supplies to Propulsion South Carolina for one year beginning July 25, 2014. At the conclusion of the initial one-year term, Rider 1 will be automatically extended on a year-to-year basis until terminated by either party. For purposes of this Contract, "green power" refers to electricity sold by the Company for consumption at Propulsion South Carolina coupled with green attributes (i.e., renewable energy certificates, green tags, or any other environmental attributes) from SCE&G's renewable generating facility and the market.

Contract I is effective August 18, 2014, and continues through August 18, 2029, unless an early termination is mutually agreed upon by the parties. The Contract is automatically extended thereafter until terminated by either party.

### **Contract II**

Contract II is related to Boeing's decision to locate the Boeing Research and Technology Facility ("BR&T") in Summerville Crosspoint Park. The BR&T will focus on assembly and automation, composites fabrication and repair, electromagnetic effects, and nondestructive evaluation.

Under Contract II, SCE&G will provide electric service to Boeing at BR&T pursuant to the Company's retail electric rate schedule entitled "Rate 23 – Industrial Power Service" as currently approved by the Commission. At the outset, Boeing will be billed at a rate which consists of a basic facilities charge, an energy charge, and a demand charge—all determined in

accordance with Rate 23—and an economic development credit. Thereafter, Boeing will be billed for electricity under Rate 23.

In addition to Rate 23 itself, there is a rider to the Contract, namely, “Rider 1 – Green Power.” Under Rider 1, Boeing will pay SCE&G for “green power” that SCE&G supplies to BR&T for one year beginning September 5, 2014. At the conclusion of the initial one-year term, Rider 1 will be automatically extended on a year-to-year basis until terminated by either party. For purposes of this Contract, “green power” refers to electricity sold by the Company for consumption at BR&T coupled with green attributes (i.e., renewable energy certificates, green tags, or any other environmental attributes) from SCE&G’s renewable generating facility and the market.

Contract II is effective August 18, 2014, and continues through August 18, 2024, unless an early termination is mutually agreed upon by the parties. The Contract is automatically extended thereafter until terminated by either party.

#### **First Amendment I**

First Amendment I is effective July 1, 2014, and amends the Contract for Electric Service between SCE&G and Boeing for the provision of electric service to the plant located at 5400 International Boulevard in North Charleston, South Carolina. The Commission approved the original contract by Order No. 2011-419, dated June 1, 2011. First Amendment I amends and restates “Rider 2 – Green Power” and ratifies and confirms the original contract in all other respects. The amended Rider 2 adjusts the premium that Boeing pays SCE&G for green power, excluding that generated by the photovoltaic system at the plant, and also modifies the mechanism by which SCE&G provides and procures green power for the plant. Under amended Rider 2, Boeing will pay SCE&G for the green power that SCE&G supplies to the plant for a minimum of one year beginning July 1, 2014. At the conclusion of the initial one-year term, amended Rider 2 will be automatically extended on a year-to-year basis until terminated by either party.

#### **First Amendment II**

First Amendment II is effective October 1, 2014, and amends the Contract for Electric Service between SCE&G and Boeing for the provision of electric service to a plant located at 9775 Patriot Boulevard in Ladson, South Carolina. The Commission approved the original contract by Order No. 2011-736, dated September 28, 2011. First Amendment II amends and restates “Rider 1 – Green Power” and ratifies and confirms the original contract in all other respects. The amended Rider 1 adjusts the premium that Boeing pays SCE&G for green power and also modifies the mechanism by which SCE&G provides and procures green power for the plant. Under amended Rider 1, Boeing will pay SCE&G for the green power that SCE&G supplies to the plant for a minimum of one year beginning October 1, 2014. At the conclusion of the initial one-year term, amended Rider 1 will be automatically extended on a year-to-year basis until terminated by either party.

### **Request for Confidential Treatment**

Due to the commercial sensitivity and proprietary nature of certain provisions of these Contracts I and II ("Contracts") and First Amendments I and II ("First Amendments") as well as the highly competitive nature of the industry in which Boeing operates, the Company and Boeing respectfully request that the Commission find that the Contracts and the First Amendments contain protected information and issue a protective order barring the disclosure of these agreements under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, 10 S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law. Pursuant to S.C. Code Ann. Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, we enclose with this letter redacted versions of each of the Contracts and First Amendments that protect from disclosure the sensitive, proprietary and commercially valuable information, while making available for public viewing non-protected information. We also enclose copies of the unredacted versions of each of the Contracts and First Amendments in separate, sealed envelopes and respectfully request that, in the event that anyone should seek disclosure of any of the unredacted Contracts and/or First Amendments, the Commission notify SCE&G of such request and provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Contract and/or First Amendment from disclosure.

Enclosed are the following:

- (1) A true and correct copy of the original Contract I in a sealed envelope marked "CONFIDENTIAL." Each page of Contract I is also marked "CONFIDENTIAL."
- (2) A true and correct copy of the original Contract II in a sealed envelope marked "CONFIDENTIAL." Each page of Contract II is also marked "CONFIDENTIAL."
- (3) A true and correct copy of the original First Amendment I in a sealed envelope marked "CONFIDENTIAL." Each page of First Amendment I is also marked "CONFIDENTIAL."
- (4) A true and correct copy of the original First Amendment II in a sealed envelope marked "CONFIDENTIAL." Each page of First Amendment II is also marked "CONFIDENTIAL."
- (5) Ten copies of a redacted copy of Contract I for filing and public disclosure.
- (6) Ten copies of a redacted copy of Contract II for filing and public disclosure.
- (7) Ten copies of a redacted copy of First Amendment I for filing and public disclosure.
- (8) Ten copies of a redacted copy of First Amendment II for filing and public disclosure.

The Honorable Jocelyn G. Boyd

September 23, 2014

Page 5

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By copy of this letter, we are providing the South Carolina Office of Regulatory Staff ("ORS") with redacted copies of the Contracts and First Amendments for its records. Additionally, SCE&G will make the original, unredacted copies of the Contracts and First Amendments available to ORS for its review.

Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,

A handwritten signature in black ink, reading "Matthew W. Gissendanner". The signature is fluid and cursive, with the first name "Matthew" and last name "Gissendanner" clearly legible.

Matthew W. Gissendanner

MWG/kms

Enclosures

cc: John Flitter  
Jeffrey M. Nelson, Esquire  
(via hand delivery)